

March 27, 2009

Docket Control Arizona Corporation Commission 1200 West Washington Phoenix, Arizona 85007

RE:

2008 Annual Renewable Energy Standard and Tariff Program Report

A.A.C. R14-2-1812; Docket No. E-01049A-07-0599.

Docket Control:

Enclosed please find and original and thirteen copies of Morenci Water and Electric's ("MWE") Renewable Energy Standard and Tariff Program report for the year ending 2008 pursuant to A.A.C. R14-2-1812.

If you have any questions regarding this filing, please contact me at (928.865.6971).

Sincerely,

Ruel A. Rogers

cc:

Compliance, ACC

Rul A Log

Mr. Ernest Johnson, Director, Utilities Division

Original and 13 copies filed with Docket Control this 1st day of April, 2009.

Arizona Corporation Commission

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Morenci Water and Electric Company

Renewable Energy Standard and Tariff Compliance Report 2008 Compliance Year

RENEWABLE ENERGY STANDARD AND TARIFF PROGRAM REPORT YEAR-END 2008

Introduction

Pursuant to Arizona Administrative Code ("A.C.C.") R14-2-1812, Morenci Water & Electric ("MWE") submits the MWE 2008 Renewable Energy Standard and Tariff Compliance Report. This report relates to the Morenci Water and Electric Company REST Plan which was approved by the Commission in Decision 70303 dated April 24, 2008.

Summary

The 2008 MWE REST plan was approved by Decision No. 70303 pursuant to A.C.C. R14-2-1813. For 2008, PD Morenci and PD Safford loads were not included in the calculation of the renewable load requirements as ordered by the Commission.

With the exclusion of PD Morenci and PD Safford, 2008 MWE retail sales were 29,025,141 kWh. This results in a renewable requirement of 507,940 kWh, of which 457,146 kWh is the grid-tied requirement and the remaining 50,794 kWh is the distributed requirement.

Surcharge dollars collected from retail tariffs are used to fund the procurement of renewable energy, incentive payments for customer installed projects, marketing, and administrative costs to administer the REST program. MWE collected \$40,261.34 in EPS and REST surcharges in 2008.

This report contains information as required by A.C.C. R14-2-1812.

The REST Plan

The 2008 REST plan consists of the following programs:

Procure grid-tied requirements from New Mexico and Arizona wind resources. Offer incentives up to 60% of cost to customers who install qualified distributed energy projects.

Consider establishing distributed renewable energy generation for MWE operations to meet distributed requirement.

MWE is faced with circumstances unique to MWE in meeting grid-tied and distributed REST requirements. The challenges in meeting its distributed requirement are well documented and will not be repeated here. MWE's customers that received an exemption from the 2008 REST requirement have a total of 251 distributed renewable energy installations with an installed capacity of 9.8 kW. These facilities produced 22,600 kWh of renewable energy during 2008. Because these customers we exempt from the REST calculations, MWE provides this data as information only.

MWE is a distribution only utility, and has no direct access to energy markets where renewable energy can be readily procured. There is no available transmission capacity on a year-around basis to MWE's system from markets where renewable energy is transacted and transmitted.

Because of the well documented challenges that MWE has in meeting its distributed requirement and the timeframe to install physical generation, MWE purchased bundled renewable energy from Phelps Dodge Energy Services ("PDES") for compliance year 2008.

Required Elements pursuant to A.A.C. R14-2-1812

1. Actual kWh of energy or equivalent obtained from Eligible Renewable Energy Resources:

Renewable Energy Source	kWh
Biomass Electricity Generator	507,940

2. The kWh of energy or equivalent obtained from Eligible Renewable Energy Resources normalized to reflect a full year's production:

Renewable Energy Source	kWh
Biomass Electricity Generator	507,940

3. The kW of generation capacity, disaggregated by technology type:

Renewable Energy Source	kW
Biomass Electricity Generator	10,000

4. Cost information regarding cents per actual kWh of energy obtained from Eligible Renewable Energy Resources and cents per kW of generating capacity, disaggregated by technology type:

Renewable Energy Source	Cents/kWh	Cents/kW
Biomass Electricity Generator	7.346	NA

5. A breakdown of the Renewable Energy Credits used to satisfy both the Annual Renewable Energy Requirement and the Distributed Renewable Energy Requirement and appropriate documentation of the Affected Utility's receipt of those Renewable Energy Credits: and

Annual Renewable Energy Requirement	RECs kWh
Biomass Electricity Generator	507,940

Attachment 1 is the Renewable Energy Credits Confirmation Statement from PDES confirming the purchase of the Renewable Energy Credits.

Attachment 2 lists the NERC Transmission tags that verify the physical energy from the grid-tied renewable resource was delivered to the MWE system.

6. A description of the Affected Utility's procedures for choosing Eligible Renewable Energy Resources and certification from an independent auditor that those procedures are fair and unbiased and have been appropriately applied.

As previously mentioned, MWE has no direct access to renewable energy markets. In addition, MWE has no expertise or contractual capability to transact in the wholesale renewable energy market. Because of these barriers, MWE contracted with Phelps Dodge Energy Services ("PDES") to procure its 2008 grid-tied renewable energy requirements.

Attachment 3 is the Morenci Water & Electric Eligible Renewable Energy Resources Selection Procedure for Compliance Year 2008.

Attachment 4 outlines the steps taken pursuant to the Morenci Water & Electric Eligible Renewable Energy Resources Selection Procedure in procuring MWE's grid-tied renewable energy.

Because PDES on behalf of MWE obtained only one eligible offer from the extensive list of entities solicited, an independent audit was not performed.

Planned Projects

MWE is currently preparing a solicitation for renewable projects that will satisfy it gridtied renewable energy and distributed renewable energy requirements. Because it will take some time to award, install and interconnect physical systems, MWE anticipates that it will meet its 2009 grid-tied renewable energy requirement from it current renewable energy bank balance.

In addition, MWE will continue to aggressively market the distributed renewable energy program to its customers.

Attachment 1

Renewable Energy Credits Confirmation Statement

Phelps Dodge Energy Services, LLC **Confirmation Statement**

This statement confirms the agreement made between Phelps Dodge Energy Services, LLC ("PDES") and Morenci Water & Electric District ("MW&E") regarding the sale of the renewable energy product listed below. This transaction shall be governed by the market based rates authorized by FERC under the FERC Electric Tariff First Revised Volume No. 1 effective June 6, 2003.

Trade Date:

November 12, 2008

Buyer:

Morenci Water & Electric District

Seller:

Phelps Dodge Energy Services, LLC

Term:

November 13, 2008 through November 20, 2008 and November

23, 2008

Deal ID:

2008M11M01

Point of Delivery:

Copper Verde 230

Product:

Arizona Corporation Commission REST compliant renewable energy generated by the El Nido biomass power facility in Fresno, California. Delivery schedule is 8 MW/hour, 7 days/week, 24

hours/day contingent on the energy output of the El Nido facility.

Price:

NP15 day-ahead on-peak and off-peak ICE index plus California ISO export fee, plus all transmission costs to Copper Verde 230 kV

substation, plus \$24/MWh for renewable premium.

Scheduling;

Scheduling under this agreement will be confirmed with Tucson

Electric Power in accordance with Western Electricity

Coordinating Council ("WECC") guidelines.

Other Provisions:

On-Peak hours are defined as hour ending 0700-2200 Pacific

Prevailing Time ("PPT") Monday through Saturday excluding

NERC holidays. All remaining hours are Off-Peak.

Please confirm the terms to this document are accurate by executing a copy of this letter.

The terms and conditions to this Confirmation Statement are deemed acceptable by MW&E unless MW&E objects to them within two business days of receipt of this statement.

Approved (PDES)

Approved (MW&E)

By: Mahail D. Malach

By: Rul Rogers
Title: Super in ton dent

Title: (/D

Date: 14/14/05

Date: 12. 12.08

Attachment 2

NERC Transmission Tags

CISO_TEPMKT0066959_TEPC

Tag Information								
GCA	PSE	Tag Code	LCA					
CISO	TEPMKT	0066959	TEPC					

Start Date: 11/13/2008 07:00 Stop Date: 11/13/2008 23:00

Time Zone: MS

Transaction Type: Normal

Contact Information				
PSE Code	TEPMKT			
PSE Contact	jbarton			
PSE Phone	(520)745-3249			
PSE Fax	(520)571-4065			
Gen Contact	CISO Scheduling			
Gen Phone	(916)351-2495			
Gen Fax	(916)351-2337			
Load Contact	Generation Supervisor			
Load Phone (520)748-7550				
Load Fax	(520)571-4066			
Comment	3PR-PDES			

WECC Reserve Sharing
CISO (BA) 100%

	Requests									
	Req	Туре	Author	Time	Status					
>>	>> Current Tag									
	0	Creation	TEPMKT (PSE)	11/12/2008 13:58	APPROVED					

Market Path					
PSE	Product	Contract	Misc(Token/Value)		
VSYNS1	G-FC				
TPES01					
TEPMPD					
TEPMKT	Ĺ				

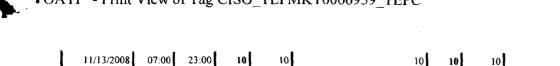
				Phy	sical Path		
CA	TP.	PSE	POR	POD	Sched Entities	Contract	Misc(Token/Value)
CISO	VSYNST NP15_FLNIDP6BIOMAS						
	CISO) FPES01	NP15	SP15	CISO		CAISO_SCID TPES CAISO_CONTRACT_NEU CAISO_PRODUCT_NERM CAISO_RED_ID TPES_VSYNS1_TEPC
	CISO	TPF801	SP15	PVWEST	CISO		CAISO_SCID TPES CAISO_CONTRACT_NEU CAISO_PRODUCT_NERM CAISO_RES_ID TPES_VSYN\$1_TEPC
	CISO	TPEN01	PVWFST	PAI OVI RDL500	CISO		CAISO_SCID TPES CAISO_CONTRACT NEU CAISO_PRODUCT NERM CAISO_RES_ID TPES_VSYNS1_TEPC
	AZPS	TEPMK	PALOVERDE500	WESTWING500	SRP		
	V/PS	TEPMKT	WESTWING500	WESTWING500	AZPS		
	TFPC	H PMK F	WESTWING500	GREENLLE345	सम्बद		
HPC		TEPMKT	SYSTEM-TEP				

Energy and Transmission Profiles MW (out of)									
			Gen	CISO			CISO		
Date	Start	Stop	MW	Trans	TPES_VSYNSI_TEPC	MW	Trans	TPES_VSYNSI_TEPC	MW

Display MWH Total:

Original Tag MWH Total:

160



160

Energy and Transmission Profiles MW (out of)												
	CISO				AZPS			AZPS				
Date	Start	Stop	Trans	TPES_VSYNSI_TEPC	MW	Trans	72653050	MW	Trans	72653050	MW	
11/13/2008	11/13/2008 07:00 23:00 10		10	10	10	10	10	10	10	10		
Display MWH Total:		l Total:	160	160	160	160	160	160	160	160	160	

160

	Energy and Transmission Profiles MW (out of)								
				ТЕРС	Ramp Dur.				
Date	Start	Stop	Trans	72653347	MW	Start	Stop		
11/13/2008	07:00	23:00	10	10	10				
	Display l	MWH Total:	160	160	160				

Transmission Allocation									
TP	Owner	Product	OASIS						
CISO(1)	TPES01	7-F	TPES_VSYNS1_TEPC						
CISO(2)	TPES01	7-F	TPES_VSYNSI_TEPC						
CISO(3)	TPES01	7-F	TPES_VSYNS1_TEPC						
AZPS(1)	ТЕРМКТ	7-F	72653050						
AZPS(2)	ТЕРМКТ	7-F	72653050						
TEPC	ТЕРМКТ	6-NN	72653347						

Loss Accounting									
TP	Start Time	Stop Time	Type	Contract Number	TagID				
No loss accounting data exists for this tag.									

CISO_TEPMKT0066960_TEPC

Tag Information								
GCA	PSE	Tag Code	LCA					
CISO	TEPMKT	0066960	TEPC					

Start Date: 11/13/2008 01:00
Stop Date: 11/14/2008 01:00

Time Zone: MS

Transaction Type: Normal

Contact Information						
PSE Code	TEPMKT					
PSE Contact	jbarton					
PSE Phone	(520)745-3249					
PSE Fax	(520)571-4065					
Gen Contact	CISO Scheduling					
Gen Phone	(916)351-2495					
Gen Fax	(916)351-2337					
Load Contact	Generation Supervisor					
Load Phone	(520)748-7550					
Load Fax	(520)571-4066					
Comment	3PR-PDES					

ļ	WECC Reserve Sharing
	CISO (BA) 100%

	Requests										
	Req	Туре	Author	Time	Status						
>>		Current Tag									
	0 Creation		TEPMKT (PSE)	11/12/2008 14:07	APPROVED						

	Market Path									
PSE	Product	Contract	Misc(Token/Value)							
VSYNS1	G-FC									
TPES01										
TEPMPD										
TEPMKT	L									

				Phy	sical Path					
CA	TP	PSE	POR	POR POD Entities Contract		Misc(Token/Value)				
CISO		VSYNSI	NP15_ELNIDP6BI	IOMAS						
	CISO	TPES01	NP15	SP15	CISO		CAISO_CONTRACT	TPES NFU NFRM TPES_VSYNS1_TEPC		
	CISO	TPES01	SP15	PVWEST	CISO		CAISO_CONTRACT	TPES NFU NFRM TPES_VSYNS1_TEPC		
	CISO	TPES01	PVWEST	PALOVERDE500	ciso		CAISO_CONTRACT CAISO_PRODUCT	TPES NFU NFRM TPES_VSYNS1_TEPC		
	EPE	TEPMKT	PALOVERDE500	WESTWING500	SRP					
	TEPC	TEPMKT	WESTWING500	WESTWING500	AZPS					
	TEPC	TEPMKT	WESTWING500	GREENLEE345	TEPC					
TEPC		TEPMKT	SYSTEM-TEP							

Energy and Transmission Profiles MW (out of)										
			Gen	CISO			CISO			
Date	Start	Stop	MW	Trans	TPES_VSYNS1_TEPC	MW	Trans	TPES_VSYNSI_TEPC	MW	

L	11/13/2008	01:00	07:00	10	10	10	10	10	10	10
	11/13/2008	23:00	00:00	10	10	10	10	10	10	10
	11/14/2008	00:00	01:00	10	10	10	10	10	10	10
	Dis	play MWI	H Total:	80	80	80	80	80	80	80
Γ	Original	Tag MWI	H Total:	80						

				Energy and Tra MW	nsmiss (out of)		es				
				CISO		EPE		TEPC			
Date	Start	Stop	Trans	TPES_VSYNSI_TEPC	MW	Trans	72653348	MW	Trans	WWATBTEP	MW
11/13/2008	01:00	07:00	10	10	10	10	10	10	10	10	10
11/13/2008	23:00	00:00	10	10	10	10	10	10	10	10	10
11/14/2008	00:00	01:00	10	10	10	10	10	10	10	10	10
Displa	ay MWF	Total:	80	80	80	80	80	80	80	80	80

	Energy and Transmission Profiles MW (out of)										
				Ramp Dur.							
Date	Start	Stop	Trans	72653347	MW	Start	Stop				
11/13/2008	01:00	07:00	10	10	10						
11/13/2008	23:00	00:00	10	10	10						
11/14/2008	00:00	01:00	10	10	10						
	Display !	MWH Total:	80	80	80						

	Transmission Allocation									
TP	Owner	Product	OASIS							
CISO(1)	TPES01	7-F	TPES_VSYNS1_TEPC							
CISO(2)	TPES01	7-F	TPES_VSYNS1_TEPC							
CISO(3)	TPES01	7-F	TPES_VSYNSI_TEPC							
EPE	ТЕРМКТ	2-NH	72653348							
TEPC(1)	ТЕРМКТ	7-F	WWATBTEP							
TEPC(2)	ТЕРМКТ	7-FN	72653347							

			Loss Accounting						
TP	Start Time	Stop Time	Type	Contract Number	TagID				
	No loss accounting data exists for this tag.								

CISO_TEPMKT0066986_TEPC

	Tag Info	rmation	
GCA	PSE	Tag Code	LCA
CISO	TEPMKT	0066986	TEPC

Start Date: 11/14/2008 07:00

Stop Date: 11/14/2008 14:00

Time Zone: MS

Transaction Type: Normal

	Contact Information
PSE Code	TEPMKT
PSE Contact	jbarton
PSE Phone	(520)745-3249
PSE Fax	(520)571-4065
Gen Contact	CISO Scheduling
Gen Phone	(916)351-2495
Gen Fax	(916)351-2337
Load Contact	Generation Supervisor
Load Phone	(520)748-7550
Load Fax	(520)571-4066
Comment	3PR-PDES

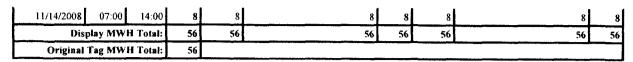
WECC Reserve Sharing CISO (BA) 100%

			Requests		
	Req Type		Author	Time	Status
>>		Current Tag			
	0	Creation	TEPMKT (PSE)	11/13/2008 09:44	APPROVED

	Market Path								
PSE	Product	Contract	Misc(Token/Value)						
VSYNS1	G-FC								
TPES01									
TEPMPD									
ТЕРМКТ	L								

				Phy	sical Path					
CA	TP	PSE	POR	Sche POD Entiti		Contract	Misc(Token/Value)			
CISO		VSYNSI	NP15_ELNIDP6BI							
	CISO	TPES01	NP15	SP15	CISO		CAISO_SCID CAISO_CONTRACT CAISO_PRODUCT CAISO_RED_ID			
	CISO	TPES01	SP15	PVWEST	CISO		CAISO_SCID CAISO_CONTRACT CAISO_PRODUCT CAISO_RES_ID	TPES NFU NFRM TPES_VSYNS1_TEPC		
	ciso	TPES01	PVWEST	PALOVERDE500	CISO		CAISO_SCID CAISO_CONTRACT CAISO_PRODUCT CAISO_RES_ID			
	EPE	TEPMKT	PALOVERDE500	WESTWING500	SRP					
	AZPS	TEPMKT	WESTWING500	WESTWING500	AZPS					
	AZPS	TEPMKT	WESTWING500	SAGUARO500	AZPS					
TEPC		TEPMKT	SYSTEM-TEP							

				ī	Energy and Transmission Pro MW (out of)	files				
			Gen	CISO			CISO			
Date	Start	Stop	MW	Trans	TPES_VSYNSI_TEPC	MW	Trans	TPES_VSYNS1_TEPC	MW	



				Energy and Transi MW (or		Profiles					
				CISO			EPE		AZPS		
Date	Start	Stop	Trans	TPES_VSYNS1_TEPC	MW	Trans	72655004	MW	Trans	72655062	MW
11/14/2008	07:00	14:00	8	8	8	8	8	8	8	8	8
Displ	ay MWH	Total:	56	56	56	56	56	56	56	56	56

	Energy and Transmission Profiles MW (out of)										
				AZPS Re							
Date	Start	Stop	Trans	72655062	MW	Start	Stop				
11/14/2008	07:00	14:00	8	8	8						
	Display !	WH Total:	56	56	56		·				

Transmission Allocation									
TP	Owner	Product	OASIS						
CISO(1)	TPES01	7-F	TPES_VSYNSI_TEPC						
CISO(2)	TPES01	7-F	TPES_VSYNS1_TEPC						
CISO(3)	TPES01	7-F	TPES_VSYNS1_TEPC						
EPE	ТЕРМКТ	2-NH	72655004						
AZPS(1)	ТЕРМКТ	7-F	72655062						
AZPS(2)	ТЕРМКТ	7-F	72655062						

			Loss Accounting		
TP	Start Time	Stop Time	Туре	Contract Number	TagID
		No loss acco	unting data exists	for this tag.	

CISO_TEPMKT0066987_TEPC

	Tag Information								
GCA	PSE	Tag Code	LCA						
CISO	TEPMKT	0066987	TEPC						

Start Date: 11/14/2008 01:00
Stop Date: 11/16/2008 01:00

Time Zone: MS

Transaction Type: Normal

	Contact Information
PSE Code	TEPMKT
PSE Contact	jbarton
PSE Phone	(520)745-3249
PSE Fax	(520)571-4065
Gen Contact	CISO Scheduling
Gen Phone	(916)351-2495
Gen Fax	(916)351-2337
Load Contact	Generation Supervisor
Load Phone	(520)748-7550
Load Fax	(520)571-4066
Comment	3PR-PDES

WECC Reserve Sharing
CISO (BA) 100%

	Requests									
	Req	Туре	Author	Time	Status					
>>		Current Tag								
	1	Adjustment	TEPMKT (PSE)	11/15/2008 21:30	APPROVED					
	0	Creation	TEPMKT (PSE)	11/13/2008 09:49	APPROVED					

		Market Path	
PSE	Product	Contract	Misc(Token/Value)
VSYNS1	G-FC		
TPES01			
TEPMPD			
TEPMKT	L		

				Phy	sical Path				
CA	18	PSE	POR	POD	Sched Entities	Contract	Misc(Token/Value)		
CISO		VSYN51	NP15_FLNIDP6B	IOMAS					
	CISO	TPES01	NP15	SP15	CISO		CAISO_SCID TPES CAISO_CONTRACT_NEU CAISO_PRODUCT_NERM CAISO_RED_IDTPES_VSYNS1_TEPC		
	CISO	TPFS01	SP15	PVWEST	CISO		CAISO_SCID TPES CAISO_CONTRACT NEU CAISO_PRODUCT NERM CAISO_RES_ID TPES_VSYNS1_TEPC		
	CISO	TPES01	PVWFST	PALOVERDE560	CISO		CAISO SCID TPES CAISO CONTRACT NEU CAISO PRODUCT NERM CAISO RES ID TPES VSYNST TEPC		
	EPF	H-PMK1	PALOVERDI 500	WESTWING500	SRP				
	HPC	TEPMKT	WESTWING500	WESTWING500	AZPS				
	TEPC	TEPMKT	WLSTWPNG500	GREENLEF345	H PC				
H-PC		TEPMKI	SYSTEM-TEP						

					Energy and Transmission Pro- MW (out of)	files			
			Gen		CISO			CISO	
Date	Start	Stop	MW	Trans	TPES_VSYNSI_TEPC	MW	Trans	TPES_VSYNSI_TEPC	MW
11/14/2008	01:00	07:00	8	8	8	8	8	8	
11/14/2008	14:00	00:00	8	8	8	8	8	8	

L	11/15/2008	00:00	00:00	8	8	8	8	8	8	8
	11/16/2008	00:00	01:00	0		0	0		0	0
	Dist	olay MW	H Total:	320	320	320	320	320	320	320
Γ	Original '	Tag MWI	H Total:	328						

				Energy and Tra MW	nsmissi (out of)		es				
				CISO			EPE			TEPC	7
Date	Start	Stop	Trans	TPES_VSYNS1_TEPC	MW	Trans	72655004	MW	Trans	WWATBTEP	MW
11/14/2008	01:00	07:00	8	8	8	8	8	8	8	8	
11/14/2008	14:00	00:00	8	8	8	8	8	8	8	8	
11/15/2008	00:00	00:00	8	8	8	8	8	8	8	8	
11/16/2008	00:00	01:00		0	0		0	0		0	
Displa	y MWH	Total:	320	320	320	320	320	320	320	320	32

Energy and Transmission Profiles MW (out of)										
			Ramp	Dur.						
Date	Start	Stop	Trans	72655014	MW	Start	Stop			
11/14/2008	01:00	07:00	8	8	8					
11/14/2008	14:00	00:00	8	8	8					
11/15/2008	00:00	00:00	8	8	8					
11/16/2008	00:00	01:00		0	0					
	Display !	MWH Total:	320	320	320					

Transmission Allocation							
TP	Owner	Product	OASIS				
CISO(1)	TPES01	7-F	TPES_VSYNS1_TEPC				
CISO(2)	TPES01	7-F	TPES_VSYNS1_TEPC				
CISO(3)	TPES01	7-F	TPES_VSYNS1_TEPC				
EPE	ТЕРМКТ	2-NH	72655004				
TEPC(1)	TEPMKT	7-F	WWATBTEP				
TEPC(2)	TEPMKT	7-FN	72655014				

	Loss Accounting								
TP	TP Start Time Stop Time Type Contract Number Tag1D								
	No loss accounting data exists for this tag.								

CISO_TEPMKT0067103_TEPC

	Tag Information								
GCA	PSE	Tag Code	LCA						
CISO	TEPMKT	0067103	TEPC						

Start Date: 11/16/2008 01:00

Stop Date: 11/18/2008 01:00

Time Zone: MS

Transaction Type: Normal

	Contact Information							
PSE Code	TEPMKT							
PSE Contact	jbarton							
PSE Phone	(520)745-3249							
PSE Fax	(520)571-4065							
Gen Contact	CISO Scheduling							
Gen Phone	(916)351-2495							
Gen Fax	(916)351-2337							
Load Contact	Generation Supervisor							
Load Phone	(520)748-7550							
Load Fax	(520)571-4066							
Comment	3PR-PDES							

WECC Reserve Sharing CISO (BA) 100%

	Requests								
	Req Type Author Time S								
>>		Current Tag							
	1	Adjustment	TEPMKT (PSE)	11/16/2008 01:38	APPROVED				
	0	Creation	TEPMKT (PSE)	11/14/2008 09:34	APPROVED				

Market Path							
PSE	Product	Contract	Misc(Token/Value)				
VSYNS1	G-FC						
TPES01							
TEPMPD							
TEPMKT	L						

				Phy	sical Path		
CA	119	PSE	POR	POD	Sched Entities	Contract	Misc(Token/Value)
CISO		VSYNSI	NP15 FLNIDP6B	IOMAS			
	CISO	TPFS01	NP15	SP15	CISO		CAISO_SCID TPES CAISO_CONTRACT NEU CAISO_PRODUCT NERM CAISO_RED_ID TPES_VSYNS1_TEPO
	CISO	1PI 801	SP15	PVWEST	CISO		CAISO_SCID TPES CAISO_CONTRACT NEU CAISO_PRODUCT NERM CAISO_RES_ID TPES_VSYNS1_TEPO
	(450)	114 S01	PVWEST	PALOVERDE500	CISO		CAISO_SCID TPES CAISO_CONTRACTINEU CAISO_PRODUCT NERM CAISO_RES_ID TPES_VSYNS1_TEPO
	1.PF	EEPMK!	PALONERDESON	WESTWING500	SKP		
	HPC	TEPMKT	WESTWINGS06	W151W1NG500	AZPS		
	HPC	11 PMK I	WESTWING500	GREENLI 1345	11-PC		
HPC		TEPMK I	SYSTEM-TEP			T	

				1	Energy and Transmission Prof MW (out of)	îles				
			Gen	CISO			CISO			
Date	Start	Stop	MW	Trans	TPES_VSYNSI_TEPC	MW	Trans	TPES_VSYNS1_TEPC	MV	
11/16/2008	01:00	04:00	8	8	8	8	8	8		
11/16/2008	04:00	07:00	0		0	0		0		

L	11/16/2008	07:00	00:00	8	8	8	8	8	8	8
	11/17/2008	00:00	00:00	8	8	8	8	8	8	8
L	11/18/2008	00:00	01:00	8	8	8	8	8	8	8
	Dis	play MW	H Total:	360	360	360	360	360	360	360
	Original	Tag MW	H Total:	384						

				Energy and Tra MW	nsmissi (out of)		es				
				CISO			EPE			TEPC	
Date	Start	Stop	Trans	TPES_VSYNSI_TEPC	MW	Trans	72657906	MW	Trans	WWATBTEP	MW
11/16/2008	01:00	04:00	8	8	8	8	8	8	8	8.	8
11/16/2008	04:00	07:00		0.	0		Û	0		0.	
11/16/2008	07:00	00:00	8	8	8	8	8	8	8	8	8
11/17/2008	00:00	00:00	8	8	8	8	8	8	8	8	8
11/18/2008	00:00	01:00	8	8	8	8	8	8	8	8	8
Displa	ay MWH	Total:	360	360	360	360	360	360	360	360	366

		Energ	y and Transmissio MW (out of)	on Profiles			
				TEPC		Ramp Dur.	
Date	Start	Stop	Trans	72657912	MW	Start	Sto
11/16/2008	01:00	04:00	8	8	8		
11/16/2008	04:00	07:00		0	0		
11/16/2008	07:00	00:00	8	8	8		
11/17/2008	00:00	00:00	8	8	8		
11/18/2008	00:00	01:00	8	8	8		
	Display N	MWH Total:	360	360	360		

	Transmission Allocation							
TP	Owner	Product	OASIS					
CISO(1)	TPES01	7-F	TPES_VSYNSI_TEPC					
CISO(2)	TPES01	7-F	TPES_VSYNSI_TEPC					
CISO(3)	TPES01	7-F	TPES_VSYNS1_TEPC					
EPE	TEPMKT	2-NH	72657906					
TEPC(1)	TEPMKT	7-F	WWATBTEP					
TEPC(2)	ТЕРМКТ	7-FN	72657912					

Loss Accounting									
TP	TP Start Time Stop Time Type Contract Number TaglD								
No loss accounting data exists for this tag.									

CISO_TEPMKT0067356_TEPC

Tag Information									
GCA	GCA PSE Tag Code LCA								
CISO TEPMKT 0067356 TEPC									

Start Date: 11/18/2008 01:00
Stop Date: 11/19/2008 01:00

Time Zone: MS

Transaction Type: Normal

Contact Information						
PSE Code	TEPMKT					
PSE Contact	jbarton					
PSE Phone	(520)745-3249					
PSE Fax	(520)571-4065					
Gen Contact	CISO Scheduling					
Gen Phone	(916)351-2495					
Gen Fax	(916)351-2337					
Load Contact	Generation Supervisor					
Load Phone	(520)748-7550					
Load Fax	(520)571-4066					
Comment	3PR-PDES					

WECC Reserve Sharing
CISO (BA) 100%

	Requests								
	Req Type Author Time S								
>>		Current Tag							
	0	Creation	TEPMKT (PSE)	11/17/2008 10:48	APPROVED				

	Market Path									
PSE	Product	Contract	Misc(Token/Value)							
VSYNSI	G-FC									
TPES01										
TEPMPD										
ТЕРМКТ	L									

				Phy	sical Path				
CA	TP	PSE	POR	POD	Sched Entities	Contract	Misc(Token/Value)		
CISO		V5YN51	NP15_F1 NIDP6B	IOMAS					
	ciso	1PES01	NP15	SP15	CISO		CAISO_SCID TPES CAISO_CONTRACT_NEU CAISO_PRODUCT_NERM CAISO_RED_ID TPES_VSYNS1_TEPC		
	CISO	TPES01	SP15	PVWEST	CISO		CAISO SCID TPES CAISO CONTRACT NEU CAISO PRODUCT NERM CAISO RES ID TPES VSYNS1_TEPC		
	CISO	121 501	PVWEST	PALOVERDI-500	CISO		CAISO_SCID TPES CAISO_CONTRACT NFU CAISO_PRODUCT NFRM CAISO_RES_ID TPES_VSYNS1_TEPC		
	i:Pf:	TEPMKT	PALOVERDE500	WESTWING500	SRP				
***	TEPC	(LPMK)	WESTWING500	W151W15G500	AZPS				
	H-Pt	H PMKT	WISIWING560	GREENLI F345	HPC				
HPC		TEPMKT	SYSTEMATER						

Energy and Transmission Profiles MW (out of)										
	Gen CISO						CISO			
Date	Start	Stop	MW	Trans TPES_VSYNS1_TEPC MW Trans TPES_VSYNS1_TEPC MV				MW		

11/18/2008	01:00	00:00	8	8	8	8	8	8	8
11/19/2008	00:00	01:00	8	8	8	8	8	8	8
Dis	piay MWI	H Total:	192	192	.192	192	192	192	192
Original	Tag MW	H Total:	192						

Energy and Transmission Profiles MW (out of)												
CISO EPE									TEPC			
Date	Start	Stop	Trans	TPES_VSYNSI_TEPC	MW	Trans	72664299	MW	Trans	WWATBTEP	MW	
11/18/2008	01:00	00:00	8	8	8	8	8	8	8	8		
11/19/2008	00:00	01:00	8	8	8	8	8	8	8	8	ž	
Displa	ay MWH	Total:	192	192	192	192	192	192	192	192	192	

Energy and Transmission Profiles MW (out of)									
TEPC Ramp Dur.									
Date	Start	Stop	Trans	72664112	MW	Start	Stop		
11/18/2008	01.00	00:00	8	8	8				
11/19/2008	00:00	01:00	8	8	8				
	Display N	MWH Total:	192	192	192				

Transmission Allocation								
TP	Owner	Product	OASIS					
CISO(1)	TPES01	7-F	TPES_VSYNSI_TEPC					
CISO(2)	TPES01	7-F	TPES_VSYNS1_TEPC					
CISO(3)	TPES01	7-F	TPES_VSYNSI_TEPC					
ЕРЕ	ТЕРМКТ	2-NH	72664299					
TEPC(1)	TEPMKT	7-F	WWATBTEP					
TEPC(2)	ТЕРМКТ	7-FN	72664112					

Loss Accounting									
TP	TP Start Time Stop Time Type Contract Number TagID								
No loss accounting data exists for this tag.									

CISO_TEPMKT0067461_TEPC

Tag Information								
GCA	GCA PSE Tag Code LCA							
CISO	TEPMKT	0067461	TEPC					

Start Date: 11/19/2008 01:00 Stop Date: 11/20/2008 01:00

Time Zone: MS

Transaction Type: Normal

	Contact Information					
PSE Code	TEPMKT					
PSE Contact	jbarton					
PSE Phone	(520)745-3249					
PSE Fax	(520)571-4065					
Gen Contact	CISO Scheduling					
Gen Phone	(916)351-2495					
Gen Fax	(916)351-2337					
Load Contact	Generation Supervisor					
Load Phone	(520)748-7550					
Load Fax	(520)571-4066					
Comment	3PR-PDES					

WECC Reserve Sharing
CISO (BA) 100%

	Requests									
	Req Type Author Time Statu									
>>		Current Tag								
	0	Creation	TEPMKT (PSE)	11/18/2008 09:50	APPROVED					

	Market Path								
PSE	Product	Contract	Misc(Token/Value)						
VSYNSI	G-FC								
TPES01									
TEPMPD									
TEPMKT	L								

				Phy	sical Path					
CA	TP	PSE	POR	POD	Sched Entities	Misc Inken/Value)				
CISO		VSYNSI	NP15_ELNIDP6BI	IOMAS						
	CISO	TPES01	NP15	SP15	CISO		CAISO_SCID CAISO_CONTRACT CAISO_PRODUCT CAISO_RED_ID	TPES NFU NFRM TPES_VSYNS1_TEPC		
	ciso	TPES01	SP15	PVWEST	CISO		CAISO_SCID CAISO_CONTRACT CAISO_PRODUCT CAISO_RES_ID			
	CISO	TPES01	PVWEST	PALOVERDE500	CISO		CAISO_SCID CAISO_CONTRACT CAISO_PRODUCT CAISO_RES_ID	TPES NFU NFRM TPES_VSYNS1_TEPC		
	EPE	TEPMKT	PALOVERDE500	WESTWING500	SRP					
	TEPC	ТЕРМКТ	WESTWING500	WESTWING500	AZPS					
	TEPC	TEPMKT	WESTWING500	GREENLEE345	TEPC					
TEPC		ТЕРМКТ	SYSTEM-TEP							

Energy and Transmission Profiles MW (out of)										
	Gen CISO CISO									
Date	Start	Stop	MW	Trans TPES_VSYNSI_TEPC MW Trans TPES_VSYNSI_TEPC MW						

L	11/19/2008	01:00	00:00	8	8	8	8	8	8	8
	11/20/2008	00:00	01:00	8	8	8	8	8	8	8
L	Disp	olay MW	H Total:	192	192	192	192	192	192	192
	Original (Tag MW	H Total:	192						

				Energy and Tra MW	nsmissi (out of)		es					
CISO EPE									TEPC			
Date	Start	Stop	Trans	TPES_VSYNSI_TEPC	MW	Trans	72666919	MW	Trans	WWATBTEP	MW	
11/19/2008	01:00	00:00	8	8	8	8	8	8	8	8	8	
11/20/2008	00:00	01:00	8	8	8	8	8	8	8	8	8	
Displa	y MWH	Total:	192	192	192	192	192	192	192	192	192	

		Energy	y and Transmissio MW (out of)	on Profiles					
TEPC Ramp Dur.									
Date	Start	Stop	Trans	72666949	MW	Start	Stop		
11/19/2008	01:00	00:00	8	8	8				
11/20/2008	00:00	01:00	8	8	8				
	Display N	MWH Total:	192	192	192				

Transmission Allocation								
TP Owner Product OASIS								
CISO(1)	TPES01	7-F	TPES_VSYNS1_TEPC					
CISO(2)	TPES01	7-F	TPES_VSYNSI_TEPC					
CISO(3)	TPES01	7-F	TPES_VSYNS1_TEPC					
EPE	TEPMKT	2-NH	72666919					
TEPC(1)	ТЕРМКТ	7-F	WWATBTEP					
TEPC(2)	ТЕРМКТ	3-ND	72666949					

Loss Accounting									
TP	TP Start Time Stop Time Type Contract Number Tag1D								
	No loss accounting data exists for this tag,								

CISO_TEPMKT0067529_TEPC

Tag Information								
GCA	GCA PSE Tag Code LCA							
CISO	TEPMKT	0067529	TEPC					

Start Date: 11/20/2008 01:00 Stop Date: 11/21/2008 01:00

Time Zone: MS

Transaction Type: Normal

	Contact Information						
PSE Code	TEPMKT						
PSE Contact	jbarton						
PSE Phone	(520)745-3249						
PSE Fax	(520)571-4065						
Gen Contact	CISO Scheduling						
Gen Phone	(916)351-2495						
Gen Fax	(916)351-2337						
Load Contact	Generation Supervisor						
Load Phone	(520)748-7550						
Load Fax	(520)571-4066						
Comment	3PR-PDES	· · · · · · · · · · · · · · · · · · ·					

WECC Reserve Sharing
CISO (BA) 100%

	Requests								
	Req	Type	Author	Time	Status				
>>	>> Current Tag								
	0	Creation	TEPMKT (PSE)	11/19/2008 10:45	APPROVED				

	Market Path								
PSE	Product	Contract	Misc(Token/Value)						
VSYNS1	G-FC								
TPES01									
TEPMPD									
ТЕРМКТ	L								

				Phy	sical Path			······································	
CA	ΙP	PSE	SE POR POD Entities Contract		Contract	Misc(Token/Value)			
CISO		VSYNSI	NP15_FI NIDP6B	IOMAS					
	CISO	TPES01	NP15	SP15	CISO		CAISO SCID CAISO CONTRACT CAISO PRODUCT CAISO RED ID	TPES NFU NFRM TPES_VSYNS1_TEPC	
	CISO	TPUS01	SP15	PVWEST	CISO		CAISO_SCID CAISO_CONTRACT CAISO_PRODUCT CAISO_RES_ID	TPES NFU NFRM TPES VSYNS1 FEPC	
	CISO:	1PFS01	PVW+S1	PALOVERDE500	t INO		CAISO CONTRACT	TPES NFU NERM IPES VSYNS1 TEPC	
	LPF	11 PMK I	PALOVI RDI 500	WESTWING500	SRP				
	1FPC	H.PMKT	WESTWING500	WESTWING500	√PS				
	HPC	TEPMKE	W151W1NG500	GREENLEE 345	1144°				
HPC		13 PMK I	55511 M=11-P			T			

Energy and Transmission Profiles MW (out of)										
			Gen		CISO			CISO		
Date Start Stop MW Trans TPES_VSYNS1_TEPC MW Trans TPES_VSYNS1_TEPC MV						MW				

L	11/20/2008	01:00	00:00	8	8	8	8	8	8.	8
	11/21/2008	00:00	01:00	8	8	8	8	8	8	8
	Dist	olay MW	H Total:	192	192	192	192	192	192	192
	Original '	Tag MW!	H Total:	192						

				Energy and Tra MW	nsmissi (out of)		es				
CISO EPE								ТЕРС			
Date	Start	Stop	Trans	TPES_VSYNSI_TEPC	MW	Trans	72669436	MW	Trans	WWATBTEP	MW
11/20/2008	01:00	00:00	8	8	8	8	8	8	8	8	8
11/21/2008	00:00	01:00	8	8.	8	8	8	8	8	8	8
Displa	y MWH	Total:	192	192	192	192	192	192	192	192	192

		Energ	y and Transmissic MW (out of)	on Profiles			
TEPC Ram							
Date	Start	Stop	Trans	72669810	MW	Start	Stop
11/20/2008	01:00	00:00	8	8	8		
11/21/2008	00:00	01:00	8	8	8		
	Display !	MWH Total:	192	192	192		

Transmission Allocation								
TP	Ожпег	Product	OASIS					
CISO(1)	TPES01	7-F	TPES_VSYNS1_TEPC					
CISO(2)	TPES01	7-F	TPES_VSYNS1_TEPC					
CISO(3)	TPES01	7-F	TPES_VSYNS1_TEPC					
EPE	ТЕРМКТ	2-NH	72669436					
TEPC(1)	ТЕРМКТ	7-F	WWATBTEP					
TEPC(2)	TEPMKT	2-NH	72669810					

Loss Accounting								
TP	TP Start Time Stop Time Type Contract Number Tag1D							
No loss accounting data exists for this tag.								

CISO_TEPMKT0067722_TEPC

	Tag Information									
GCA	GCA PSE Tag Code LCA									
CISO	TEPMKT	0067722	TEPC							

Start Date: 11/23/2008 01:00 Stop Date: 11/24/2008 01:00

Time Zone: MS

Transaction Type: Normal

Contact Information						
ТЕРМКТ						
lwaters						
(520)745-3249						
(520)571-4065						
CISO Scheduling						
(916)351-2495						
(916)351-2337						
Generation Supervisor						
(520)748-7550						
(520)571-4066						
3PR-PDES						

WECC Reserve Sharing
CISO (BA) 100%

	Requests									
Req Type Author Time Status										
>>		Current Tag								
	0	Creation	TEPMKT (PSE)	11/21/2008 13:29	APPROVED					

Market Path									
PSE	Product	Contract	Misc(Token/Value)						
VSYNS1	G-FC								
TPES01									
TEPMPD									
ТЕРМКТ	Ĺ								

				Phy	sical Path												
CA	11	PSE	PSE	PSE	PSE	PSE	PSE	PSE	PSE	PSE	PSE	POR	POD	Sched Entities	Contract	Misc(To	ken/Value)
CISO		VSYNSI	NP15_F1 NIDP6B	IOMAS													
	CISO	TPES01	NP15	SP15	CISO		CAISO_SCID CAISO_CONTRACT CAISO_PRODUCT CAISO_RED_ID	TPES NFU NFRM TPES VSYNS1_TEPC									
	UISO	TPFS01	SP15	PVWFST	CISO		CAISO SCID CAISO CONTRACT CAISO PRODUCT CAISO RES ID	TPES NEU NERM TPES_VSYNS1_TEPC									
	CISO	125.801	PVWFS1	PALOVERDE500	CISO		CAISO_SCID CAISO_CONTRACT CAISO_PRODUCY CAISO_RES_ID	TPES NFU NFRM TPES VSYNS1 TEPC									
	1-91-	TEPMKE	PALOVERDE 500	WESTWING500	SRP												
	HPC	H PMK E	WESTWING500	WESTWING500	AZPS												
	HPC	TEPMKT	WESTWING500	GREENLIE345	11 14"												
HEPC		11 PMKT	SYSTEM-TEP														

Energy and Transmission Profiles MW (out of)										
			Gen	·	CISO			CISO		
Date	Start	Stop	MW	Trans	TPES_VSYNS1_TEPC	MW	Trans	TPES_VSYNS1_TEPC	MW	

11/23/200	8 01:00	00:00	8	8	8	8	8	8	8
11/24/200	8 00:00	01:00	8	8	8	8	8	8	8
T.	isplay MW	H Total:	192	192	192	192	192	192	192
Origin	al Tag MW	H Total:	192						

Energy and Transmission Profiles MW (out of)											
CISO EPE TEPC											
Date	Start	Stop	Trans	TPES_VSYNSI_TEPC	MW	Trans 72674601 MW		Trans WWATBTEP		MW	
11/23/2008	01:00	00:00	8	8	8	8	8	8	8	8	8
11/24/2008	00:00	01:00	8	8	8	8	8	8	8	8	8
Display MWH Total: 192 192 192 192 192 192 192 192 192 192											

		Energy	and Transmission MW (out of)	on Profiles					
TEPC Ramp Dur.									
Date	Start	Stop	Trans	72675879	MW	Start	Stop		
11/23/2008	01:00	00:00	8	8	8				
11/24/2008	00:00	01:00	8	8	8				
	Display N	MWH Total:	192	192	192				

Transmission Allocation									
TP	Owner	OASIS							
CISO(1)	TPES01	7-F	TPES_VSYNS1_TEPC						
CISO(2)	TPES01	7-F	TPES_VSYNS1_TEPC						
CISO(3)	TPES01	7-F	TPES_V\$YN\$1_TEPC						
EPE	ТЕРМКТ	2-NH	72674601						
TEPC(1)	ТЕРМКТ	7-F	WWATBTEP						
TEPC(2)	ТЕРМКТ	2-NH	72675879						

Loss Accounting									
TP	TP Start Time Stop Time Type Contract Number TagID								
	No loss accounting data exists for this tag.								

Attachment 3

Morenci Water & Electric Eligible Renewable Energy Resources Selection Procedure for Compliance Year 2008

Morenci Water & Electric Eligible Renewable Energy Resources Selection Procedure for Compliance Year 2008

Background: Under Arizona Administrative Code R14-2-1812, the Arizona Corporation Commission ("ACC") requires Morenci Water & Electric ("MWE") to create and follow a formal procedure in selecting Eligible Renewable Energy Resources. In addition, these procedures must be certified by an independent auditor that the procedures are fair, unbiased, and are appropriately applied.

MWE is a distribution utility that does not own any transmission and has no access to any renewable energy market. MWE does not have the in-house expertise to procure renewable energy given the complexities of wholesale energy contracting and transmission issues pertaining to renewable energy procurement. For the 2008 compliance year, MWE will contract with an wholesale entity to procure its renewable energy requirements.

Procedure:

- 1) Obtain ACC approval of the 2008 Renewable Energy Standard Implementation Plan. Provide this Implementation Plan.
- 2) Contract with an entity that is qualified to procure renewable energy for the sole purpose of procuring MWE's renewable energy requirements.
- 3) Qualified Renewable Resource Market Price discovery
 - a. Contractor will contact a minimum of two renewable energy brokers who do business in the WECC to get the current markets (premiums) on REST qualified renewable energy resources.
- 4) Oualified Renewable Resource availability
 - a. Contractor will contact a minimum of two renewable energy brokers who do business in the WECC to get the current availability of REST qualified renewable energy resources for the time period required.
 - b. Contractor will contact renewable energy resource owners who have assets in Arizona and the WECC to get the availability and price of their assets.
 - c. Contractor will contact other ACC jurisdictional utilities to get the current availability of excess RECs that they may have and discover if there is any interest in selling said RECs.
- 5) Contractor will apply all respondents to the MWE REST selection matrix for scoring.
 - a. Any questionable responses on the eligibility portion of the selection matrix should be reviewed with MWE and the ACC staff prior to negotiations.
- 6) Contractor will negotiate and execute contracts on behalf of MWE with respondents according to the results of the selection matrix.
- 7) Contractor will provide MWE will renewable energy transaction information required for ACC compliance filing in accordance with R14-2-1812.

REST Selection Matrix

A minimum score of 4 is required to enter into contract negotiations A score of 11 or higher is desired for an acceptable probability of delivery	Green Premium D 5=0 to 5, 4=6 to 10, 3=11 to 15, 2=16 to 20, 1=21 to 25 Physical Energy Agreement E 3=WSPP, 2=EEI, 1=Bi-Lateral FEC Agreement F 2=Firm, 1-Non-Firm G 5=No, 0=Yes H 3=0, 2=1, 1=2, 0=3 or more Number of Wheels I 3=Term Firm, 1=Daily Firm, 0=Non-Firm Transmission Cost J 5= 0, 4= 1 to 5, 2= 6 to 10, 0= >10 Physical Energy Cost K 5= <0, 4=0 to 2, 2= 3 to 5, 0=>5
Date:	Date:

Attachment 4

Morenci Water & Electric Eligible Renewable Energy Resources Compliance Year 2008 Purchase Documentation

Morenci Water & Electric Eligible Renewable Energy Resources Compliance Year 2008 Purchase Documentation

Background: Under Arizona Administrative Code R14-2-1812, the Arizona Corporation Commission ("ACC") requires Morenci Water & Electric ("MWE") to create and follow a formal procedure in selecting Eligible Renewable Energy Resources. In addition, these procedures must be certified by an independent auditor that the procedures are fair, unbiased, and are appropriately applied.

MWE is a distribution utility that does not own any transmission and has no access to the renewable energy market. MWE does not have the in-house expertise to procure renewable energy given the complexities of wholesale energy contracting and transmission issues pertaining to renewable energy procurement. For the 2008 compliance year, MWE will contract with an wholesale entity to procure its renewable energy requirements.

MWE has contracted with Phelps Dodge Energy Services, LLC ("PDES") to purchase its renewable energy requirements from the wholesale market and simultaneously sell this renewable energy to MWE. PDES is an affiliate company under Freeport-McMoRan Copper & Gold. PDES is an Exempt Wholesale Generator ("EWG") has been granted authority to sell energy and capacity at market-based rates, including to its affiliates. This document has been created to outline the procurement steps taken to show that the procedure was fair and un-biased and appropriately applied pursuant to Arizona Administrative Code R14-2-1812.

MWE provided PDES with a copy of the MWE Renewable Energy Procurement Procedures.

Procedure followed:

- 1) Obtain ACC approval of the 2008 Renewable Energy Standard Implementation Plan. Provide this Implementation Plan.
 - a. MWE Obtained ACC approval of the 2008 Renewable Energy Standard Implementation Plan in Decision 70303, docketed on April 24, 2008.
- 2) Contract with an entity that is qualified to procure renewable energy for the sole purpose of procuring MWE's renewable energy requirements.
 - a. MWE contracted with PDES to procure MWE's 2008 renewable energy requirements.
- 3) Qualified Renewable Resource Market Price discovery
 - a. During the week of August 18, 2008 PDES contacted the following renewable energy brokers who do business in the WECC to get the current markets (premiums) on REST qualified renewable energy resources.

i. Clear Energy Brokerage

1-347-295-0880

ii. 3Phases Renewables

1-310-798-5275

iii. Evolution markets

1-415-963-9120

Information from all three entities were that the only REST qualified renewable resources not fully subscribed for 2008 compliance period were in

California, Texas, or the Northwest. The current market in California was \$20-\$25/MWh for the renewable premium. The premiums in Texas were significantly less (due to wind as the primary renewable technology, and the lack of transmission to other markets).

- 4) Qualified Renewable Resource availability
 - a. During the week of August 18, 2008, PDES contacted the following renewable energy brokers who do business in the WECC to get the market for renewable energy resource availability.

i. Clear Energy Brokerage
 ii. 3Phases Renewables
 iii. Evolution markets
 1-347-295-0880
 1-310-798-5275
 1-415-963-9120

Clear Energy Brokerage did not list any projects with available energy. 3Phases Renewables did know of a California Entity that had excess renewable energy but had not ability to export that renewable energy to Arizona. Evolution Markets did not list any projects, but promised to survey the WECC market and get back to PDES.

- b. Contact renewable energy resource owners who have assets in Arizona and the WECC to get the availability and price of their assets.
 - i. PDES contacted the following renewable resource owners to inquire on resource availability for the compliance period.
 - 1. Calpine Corporation
 - 2. PacifiCorp
 - 3. FPL
 - 4. Sierra Pacific Resources
 - 5. New Mexico Wind Resources

Calpine indicated that they could probably source PDES' requirements but would have to get back to us. Calpine did not have any renewable energy available from its own portfolio, but said it would be willing to purchase from a third party and resell to PDES.

PacifiCorp had available renewable resources in the Northwest but would only schedule (NERC physical energy tagging) energy out of PacifiCorp's control area as system energy and this standard energy scheduling methodology does not meet REST requirements.

FPL's wind and geothermal resources in the WECC were fully prescribed for the compliance period. FPL informed PDES that they have wind resources available in Texas but because there is no transmission available, those resources are not an option. Sierra Pacific Resources biomass facilities were fully prescribed for 2008.

PDES also contacted the four Utility scale wind projects in New Mexico, Arragone, Caprock, San Juan Mesa, and New Mexico Wind Energy Center. All four have fully prescribed long-term purchase power agreements for the output from three different utilities.

Although two of the utilities have excess RECs in their inventory, they have chosen not to sell them into the market, but to hold them for future compliance.

Contractor will contact other ACC jurisdictional utilities to get the current availability of excess RECs that they may have and discover if there is any interest in selling said RECs.

- ii. During the week of August 25, 2008, PDES contacted the following ACC jurisdictional and non-jurisdictional utilities to inquire about any excess RECs or renewable energy they may have.
 - 1. APS
 - 2. TEP
 - 3. SRP
 - 4. PNM

APS has excess inventory for the compliance period, however, APS does not plan on selling any of their inventory.

TEP does not have adequate renewable energy to meet its compliance. SRP has some renewable energy that is REST compliant, however, SRP does not plan on selling any of its excess inventory.

PNM has excess REST compliant renewable energy however, PNM does not plan on selling any of its excess inventory.

PDES contacted the staff at the ACC (Ray Williamson) to discuss the Pacificorp renewable energy product, and if the ACC would accept the energy as REST compliance. PDES explained to the ACC how physical energy is scheduled by a balancing authority that has network transmission rights. The staff informed PDES that a transaction with this delivery structure was troublesome, unless the selling entity, PacifiCorp, showed transmission schedules from the resource to MWE load.

During the two weeks that followed PDES had the renewable energy brokers continue to look for qualified renewable energy.

On September 24, 2008, Calpine Corporation informed PDES that they found REST compliant renewable energy, but it was in the California ISO and this energy would have to be exported from the California ISO and wheeled to MWE. PDES immediately began contacting the entities required to move renewable energy from Northern California to Southeastern Arizona. Without getting into excruciating detail, PDES had amassed 10 entities to purchase, sell, schedule, and transport this power. Two entities that were matched up in the middle of this long chain could not deal with each other because of credit issues and the entire deal fell apart.

On October 24, 2008 3Phases Renewables informed PDES that they had 10 MW available for approximately 10 days in November that could be exported to Arizona.

- 5) Apply all respondents to the MWE REST selection matrix for scoring.
 - a. Any questionable responses on the eligibility portion of the selection matrix should be reviewed with the ACC staff prior to negotiations.

PDES immediately vetted the renewable source from 3Phases Renewables as to meeting the REST requirements by applying the renewable energy resource against the MWE REST selection matrix. This resource passed the metrics required, no other available resources were discovered through the solicitation process, and because of the short time window that this resource was available, PDES entered into talks with this resource.

6) Negotiate contracts with respondents according to the results of the selection matrix.

PDES entered into a contract with 3Phases Renewables for approximately 1,700 MWh of unit contingent output across the 10 days that the renewable resource was available. PDES entered into a contract with MWE to simultaneously sell this renewable energy to MWE.

- 7) Contractor will provide MWE will renewable energy transaction information required for ACC compliance filing in accordance with R14-2-1812.
 - a. PDES will provide as available the transaction information required so that MWE will comply with all regulatory filings when available.

MWE REST Selection Matrix

	2008	8		
Uninty	MWE	[1]		
Solicitation	MWE.2008.1			
Euglounty Matrix				
r arsualli to approved implementation Plan				
In Decision	70304			
Selection Matrix				

Entity	3Phases Renewables	A CONTRACTOR OF THE PROPERTY O		Conting Mathodale
Entity Type	Broker/Dealer	ADDRESS OF THE PROPERTY OF THE		SCOLING INTELLIOUOUSY
Resource Name	El Nido	THE RESIDENCE OF THE PARTY OF T	Corre	
Resource Technology	Biomass	s R14-2-1802 A	1 A	
Resource Installation Date WREGIS database WREGIS GU ID = W807	9/30/2007	ļ	1 B	1=Installation Date after 1/1/1997, 0=otherwise
Resource Location	California	With the contract of the contr		
I ransmission Interconnuection	ISO - NP15	The state of the s	7	J=Autouia, z=wECC X/California, 1=California
Renewable Energy MWh	2,000	terretorian manipoporates il retord distribution della commissione		
oreen Premium	24		1 D	
Physical Energy Agreement	ddSM	AND AND DESCRIPTIONS AND ADDRESS OF THE PROPERTY OF THE PROPER	, c	
REC Agreement	Schednle B	The second of the second secon	о - л г	<u>-</u>
Transmission Required to AIC				j
Number of Wheels		The state of the s		
Transmission Firmness	Doily Eisen	***************************************	H 0	
Transmission Cost	ISO after the fact		1 1	3=Term Firm, 1=Daily Firm, 0=Non-Firm
Physical Energy Cost	NP15 Day-Ahead Index		0 J 0 K	5 = 0.4 = 1 to 5, 2 = 6 to 10, 0 = > 10 5 = <0.4 = 0 to 2, 2 = 3 to 5, 0 = <0
			7 A	*B*(C+D+F+F+F+G+G+G+G+G+G+G+G+G+G+G+G+G+G+G+G